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Kings arena plan for Cal Expo expected within 90 days

NBA TO ORDER STUDY OF CAL EXPO PROPOSAL

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The NBA and Cal Expo expect to produce a plan within 90 days to build a new Kings arena at the state fairgrounds, an NBA consultant said Tuesday.

Representatives of the league and Cal Expo have spent five months working on a conceptual blueprint for the revamping of Cal Expo into a "village" with a modern fairgrounds, arena, housing, office, entertainment and retail uses.

Now the NBA will commission a study to examine the plan and tweak it so that it's financially feasible.

That study should take about two months, said John Moag, the NBA's point man on the arena.

He expects to be back before the Cal Expo board in December or January. At that point, the board will decide whether to solicit developer proposals to execute the plan for the 360-acre fairgrounds.

"Within 90 days we're going to know whether Cal Expo and the NBA have a deal, and what the plan looks like," Moag said.

He added: "We'd pull the plug in a heartbeat if we didn't think it was going anywhere, because it is very expensive."

Moag said the NBA has spent "millions" on the effort so far. Brian May, deputy general manager of Cal Expo, said the state fairgrounds has spent \$75,000 in legal and consulting fees.

On Oct. 31, the Cal Expo board is scheduled to vote on extending the negotiation period with

the NBA – set to expire Nov. 21 – until the economic analysis is finished.

"We're making progress; I feel good," May said.

He said Cal Expo likely would hire its own expert to review the NBA's financial feasibility study.

A tentative plan for the Cal Expo site has been circulating for months, but the NBA and Cal Expo are keeping it under wraps because it is still evolving.

City officials were briefed by the NBA in August. They were required to sign a confidentiality agreement, said John Dangberg, deputy city manager.

"It's a great plan," he said. "We gave them our comments, and they agreed with our comments."

Moag said the city pushed to include more housing. Joining the call for more density was Mike McKeever, executive director of the Sacramento Area Council of Governments, the regional transportation planning agency.

"He and others weighed in and said why are you going so light on residential, which was a pleasant surprise for us to hear, because we thought maybe it was too dense," Moag said. "They said, 'You're not dense enough, and what you really need to do is think bigger.' "

Moag would not disclose the number of residential units the NBA and Cal Expo are considering.

Also up in the air is the future of horseracing at the site. May said the plan may or may not wind up including a track.

"Part of the economic analysis is to determine what has financial viability and what doesn't," May said. "Nothing is set in concrete at this particular time."

If both parties agree the plan makes financial sense, they will solicit proposals from developers interested in overhauling the sprawling, 40-year-old fairgrounds complex along Business 80 near the American River.

The idea is to build enough homes, offices, retail stores and restaurants to pay for a replacement of Arco Arena – which the NBA says is obsolete – and a modern state fair facility.

The arena alone could cost \$500 million, and the cost of rebuilding the fairgrounds has been estimated at \$150 million.

May has said Cal Expo would not sell its 360 acres to a developer but would enter into a long-term lease. When the lease ran out, everything on the site would revert to Cal Expo's control.

If the parties move forward, Cal Expo and the NBA will be battling an economic headwind that has left developers reeling nationwide.

Moag said he thinks long-term prospects for the site remain strong.

"The whole country is cutting back, but that doesn't mean development is stopping," he said.
"It just alters the schedule, if anything.

"It's not like there's a hurry to get into the market and get the debt while it's good, but on the other hand, we have to have the land ready so we can trigger it."